

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 00181 071638Z

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ACTION NEA-09

INFO OCT-01 ISO-00 FEAE-00 PA-01 PRS-01 USIA-06 SP-02

AID-05 EB-07 NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15

STR-01 OMB-01 CEA-01 DODE-00 COME-00 FRB-01 SAM-01

CIAE-00 INR-07 NSAE-00 /066 W  
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R 071538Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1248

C O N F I D E N T I A L CAIRO 0181

E.O. 11652: GDS

TAGS: PFOR EG ENGR US

SUBJECT: ALLEGED REASONS FOR CANCELLATION OF GULF OIL PROJECT

1. FAHMY TOLD ME TODAY THAT GOE HAS RECEIVED REPORTS FROM UNSPECIFIED SOURCES (PROBABLY GHORBAL) THAT THE GULF OIL CORPORATION HAD WISHED TO ENTER INTO A LARGE INTERNATIONAL PETRO-CHEMICAL COMPLEX IN EGYPT. ACCORDING TO MFA'S REPORT, "RESPONSIBLE PEOPLE IN WASHINGTON" (UNNAMED) TOLD GULF THAT THE MIDDLE EAST ATMOSPHERE IS STILL EXPLOSIVE AND THAT SOME OF THE ARAB COUNTRIES COULD ENGAGE I MILITARY OPERATIONS AND THAT WAR MIGHT BREAK OUT. AS A RESULT, GULF HAS SHELVED THE PROJECT. FAHMY ASKED IF THIS REPORT WERE TRUE.

2. T TOLD HIM I HAD NO INFORMATION. AS HE KNOWS, HOWEVER, AN IMPORTANT PLANK IN US POLICY TOWARD EGYPT IS ENCOURAGING PRIVATE AMERICAN BUSINESS AND INVESTMENT IN THIS COUNTRY. STATE, TREASURY AND COMMERCE HAVE WORKED HARD ON TRYING TO ARRANGE THIS AND CONTINUE TO DO SO.

3. I DID NOT KNOW IF ANYONE HAD SPOKEN TO GULF PEOPLE ALONG THE LINES STATED IN THE EGYPTIAN REPORT. IN ALL FRANKNESS, HOWEVER, I HAD TO TELL HIM THAT ONE OF THE TWO  
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PAGE 02 CAIRO 00181 071638Z

QUESTIONS THE SPATE OF AMERICAN BUSINESSMEN WHO CALL

UPON ME AND EMBOFFS REGULARLY ASK IS "WHAT IS THE LIKELIHOOD OF HOSTILITIES BEING RESUMED?" THE SECOND IS WHY THE GOE, IF IT IS GENUINELY INTERESTED IN ATTRACTING AMERICAN BUSINESS, DOES NOT MOVE POSSIBLE PROJECTS AHEAD FASTER. I HAD BEEN DISTURBED TO DETECT A GROWING CONCERN ON THE PART OF AMERICAN BUSINESSMEN ABOUT THE INABILITY TO GET THINGS DONE HERE. TAHIR AMIN'S OFFICE IS INVARIABLY HELPFUL, BUT I HAD TO TELL HIM THAT TOO MANY PROJECTS DIE OR ARE INDEFINITELY DELAYED IN THE VARIOUS MINISTRIES FOR REASONS UNKNOWN TO ME.

4. FAHMY OBSERVED THAT HE COULD UNDERSTAND WHY AMERICAN BUSINESSMEN ASK ABOUT THE POSSIBILITY OF HOSTILITIES BEING RESUMED. THE USG KNOWS THAT GOE DOES NOT WANT THIS TO HAPPEN AND HAS STRIVEN TO PREVENT THIS. WHAT TROUBLES HIM WAS THE POSSIBILITY THAT USG OFFICIALS MIGHT ACTIVELY BE DETERRING AMERICAN FIRMS FROM COMING IN BY SUCH WARNINGS. HE WOULD EXPECT USG OFFICIAL TO TAKE A POSITIVE ATTITUDE IN RESPONSE TO SUCH QUERIES. I TOLD HIM THAT THIS EMBASSY TRIES TO BE AS POSITIVE AS POSSIBLE IN ITS DEALINGS WITH BUSINESSMEN. IT HAS CONSISTENTLY SOUGHT TO ENCOURAGE AMERICAN BUSINESSMEN, BUT WITHOUT GLOSSING OVER EXISTING PROBLEMS. I WAS SURE THAT WASHINGTON AGENCIES WERE DOING THE SAME THING. MOST AMERICAN BUSINESSMEN WHOM I HAD BRIEFED UNDERSTOOD THE SITUATION AND WERE WILLING TO PROCEED IF THERE IS A GENUINE EGYPTIAN INTEREST.

5. FAHMY ASKED THAT I GIVE HIM SOME INSTANCES WHERE PROJECTS APPEARED TO DIE ABORNING IN THE VARIOUS MINISTRIES. HE WOULD "BLAST" SOME OF THEM OUT. HE NOTED THAT HIS CABINET COLLEAGUES SOMETIMES HAVE A TENDENCY TO BLAME OUTSIDERS, NOT ONLY THE US, AS A PRETEXT FOR THEIR OWN DELAYS. I TOLD HIM I WOULD CALL FOR HIS HELP AS NEEDED. EILTS

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